

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AGR-20 CIAE-00 COME-00 INR-10

LAB-06 NSAE-00 RSC-01 SPC-03 STR-08 TRSE-00 CIEP-02

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----- 079944

R 112240Z OCT 73

FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC 3913

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E.O. 11652 - N/A

TAGS: EIND

SUBJECT: COTTON TEXTILES

REF: STATE 194996

1. WE INFORMED DR ALAS, HEAD OF ECONOMIC MINISTRY'S OFFICE OF INTERNATIONAL TRADE, OF THE CATEGORY 9 QUOTA STATUS UPON RECEIPT OF REFTEL. HE EXPRESSED SURPRISE AND INDICATED HIS RECORDS SHOWED ABOUT HALF THE QUOTA UNSUBSCRIBED. SUBSEQUENTLY WE HELD LENGTHY DISCUSSIONS WITH ALAS AND OBTAINED A COPY OF THE MINISTRY'S EXPORT AUTHORIZATIONS THROUGH SEPT 30 AND A WRITTEN REPLY TO THE DEPT'S INDING (BEING POUCHED TO ORF/ICD/FTD). AUTHORIZATIONS FOR EXPORT THROUGH SEPT 30 IN SQUARE YARDS ARE REPORTED PER CATEGORY AS FOLLOWS: 1 TO 4 - 140,867; 9 - 857,416; 15 - 1,199,371; 31 - 248,778; 13 - 13,891; 19 - 1,100,604; 50 - 534; FOR A TOTAL OF 3,565,461.

2. FROM THE FOREGOING ALAS CONCLUDES THAT THE CATEGORY 9 PROBLEM LIES IN CLASSIFICATION OF CATEGORY 19 GOODS. WE REMINDED HIM THAT WE HAD DISCUSSED THIS PROBLEM WITH HIM IN MARCH (SS 938, STATE 51802) WHEN WE SUGGESTED THAT SAMPLES OF THE "PROBLEM" PRODUCTS BE SUBMITTED TO THE DEPARTMENT THROUGH THE SALVADORAN EMBASSY IN WASHINGTON (EMBASSY LETTER TO ALAS OF MARCH 22). HE ADMITTED FAULT IN NOT FOLLOWING THROUGH WITH THIS

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AND NOW HAS REQUESTED THAT THE FIRM INVOLVED, LA ESTRELLA, SUBMIT

SAMPLES WHICH WE MAY BE ASKED TO FORWARD TO WASHINGTON.

3. WE ALSO POINTED OUT TO ALAS THAT HIS DATA REVEAL A SIGNIFICANT OVERRUN IN CATEGORY 15 WHICH COULD NOT BE EXPLAINED SOLELY BY INACCURATE POUNDS TO YARDS CONVERSION. HE SAID NO FURTHER AUTHORIZATION WOULD BE MADE.

4. FROM THE TABLE PROVIDED BY ALAS, IT IS CLEAR THAT THE MCNISTRY MISINTERPRETED PARA 5 OF THE BILATERAL DESPITE OUR HAVING ENDEAVORED TO ESTABLISH A CORRECT INTERPRETATION (SS 3666, STATE 226210). MINISTRY AUTHORIZED EXPORTS ON THE ASSUMPTION THAT CATEGORIES WITHOUT SPECIFIC LIMITATIONS ARE NOT SUBJECT TO QUOTAS APART FROM THE 1.5 MILLION SQUARE YARDS EQUAL TO THE DIFFERENCE BETWEEN THE AGGREGATE OF SPECIFIC QUOTAS AND THE TOTAL 1973/74 QUOTA OF 6.2 MILLION. THUS, THE CONSULTATION QUOTA FOR CATEGORY 19 WAS MORE THAN DUPLICATED. ALAS SAID HE WOULD AUTHORIZE NO MORE EXPORTS UNDER 19, AND WILL RESPECT THE 1.5 MILLION FACTOR AND CONSULTATION LIMITS AS APPROPRIATE.

5. IN HIS OCT 9 LETTER TO THE EMBASSY ALAS NOTES THE EMBARGO PLACED ON FURTHER CATEGORY 9 SHIPMENTS (MOLINA AND CIA. REPORTS THAT 100,000 SQUARE YARDS OF "LEGITIMATE" CATEGORY 9 MATERIAL SOLD TO MOMICA TEXTILE CORP OF NEW YORK IS EMBARGOED) AND ASKED THAT IT BE LIFTED SINCE IT RESULTED FROM AN ERRONEOUS INTERPRETATION OF CLASSIFICATIONS. HE ASKS FOR STATISTICAL INFORMATION ON THE STATUS OF SALVADORAN IMPORTS INTO THE US. LASTLY, HE OBSERVES THAT EL SALVADOR IS GIVING PREFERENCE TO THE US MARKET, DESPITE STRONG DEMANDS FROM OTHER MARKETS IN WHAT HE TERMED A PRODUCERS' MARKET.

6. COMMENT: THE BI-LATERAL CALLS FOR EXCHANGE OF STATISTICAL INFORMATION, YET THE EMBASSY HAS NOT BEEN INSTRUCTED BY THE DEPARTMENT IN THIS MATTER AND ALAS CLAIMS THAT THIS INFO IS NOT BEING EXCHANGED IN WASHINGTON EITHER. GIVEN THE SLOWNESS SHOWN BY THE GOES IN DEVELOPING ADEQUATE CONTROLS, WE SUGGEST THAT THE DEPT CONSIDER INSTRUCTING US TO OBTAIN QUARTERLY STATISTICAL REPORTS FROM THE GOES RELATING TO AUTHORIZATIONS AND ACTUAL EXPORTATIONS. THE MINISTRY OF ECONOMY DOES NOT APPORTION QUOTAS

TO INDIVIDUAL FIRMS IN ADVANCE. WE AGAIN SUGGESTED TO ALAS THAT LIMITED OFFICIAL USE

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HE CONSIDER THE VALUE OF A CONTROL IN WHICH PROPOSED SALES CONTRACTS WOULD PASS THROUGH HIS OFFICE FOR QUOTA AVAILABILITY APPROVAL BEFORE THE FIRMS SIGN THEM. SUCH A SYSTEM WOULD AVOID THE PROBLEM OF FIRMS PLEADING THAT THEY HAVE A PRIOR CONTRACTUAL OBLIGATION TO DELIVER. DESPITE THESE UNFORTUNATE PROCLIVITIES, WE WOULD APPRECIATE ANY ACCOMMODATIONS THE DEPT CAN MAKE FOR THESE QUOTA EXCESSES.
MOSKOWITZ

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